

AMENDED IN ASSEMBLY MARCH 28, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1207**

**Introduced by Assembly Member Corbett**

February 21, 2003

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An act to amend ~~Section 22102 of~~ *Sections 22714, 44929, and 87488 of, and to add and repeal Sections 22714.5, 44929.1, and 87488.1 of* the Education Code, relating to state teachers' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1207, as amended, Corbett. State teachers' retirement: ~~accumulated retirement contributions~~ *retirement incentive.*

*Existing law authorized a member of the Defined Benefit Program of the State Teachers' Retirement Plan to receive an additional 2 years of service credit if the member's employer took a specified formal action, prior to January 1, 1999, encouraging its employees to retire; the member retired within the period designated in that formal action; and other conditions existed.*

*This bill would authorize a member of that program to receive credit for an additional 2 years of service if the member's employer takes a specified formal action, or an additional 2 years of service and 2 years of age if, prior to January 1, 2005, a specified determination is made by the employer pursuant to the terms of a memorandum of understanding; the member retires within the period designated in that formal action or memorandum of understanding; and other conditions exist. The bill would also make technical changes.*

~~Under existing law, members of the Defined Benefit Program of the State Teachers' Retirement Plan make specified contributions to the~~

~~Teachers' Retirement Fund. Those contributions, plus interest and certain other sums, are defined, collectively, as "accumulated retirement contributions."~~

~~This bill would make technical, nonsubstantive changes to that definition.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1    ~~SECTION 1. Section 22102 of the Education Code is~~  
2    *SECTION 1. Section 22714 of the Education Code is*  
3    *amended to read:*  
4    22714. (a) Whenever the governing board of a school district  
5    or a community college district or a county office of education, by  
6    formal action ~~taken prior to January 1, 1999~~, determines pursuant  
7    to Section 44929 or 87488 that because of impending curtailment  
8    of or changes in the manner of performing services, the best  
9    interests of the district or county office of education would be  
10   served by encouraging certificated employees or academic  
11   employees to retire for service and that the retirement will ~~either~~  
12   result in *either* a net savings to the district or county office of  
13   education; ~~result in~~ a reduction of the number of certificated  
14   employees or academic employees as a result of declining  
15   enrollment; ~~or result in~~ the retention of certificated employees who  
16   are credentialed to teach in, or faculty who are qualified to teach  
17   in, teacher shortage disciplines, including, but not limited to,  
18   mathematics and science, an additional two years of service credit  
19   shall be granted under this part to a member of the Defined Benefit  
20   Program if all of the following conditions exist:  
21   (1) The member is credited with five or more years of service  
22   credit and retires for service under ~~the provisions of~~ Chapter 27  
23   (commencing with Section 24201) during a period of not more  
24   than 120 days or less than 60 days, commencing no sooner than the  
25   effective date of the formal action of the employer that shall  
26   specify the period.  
27   (2) The employer transfers to the retirement fund an amount  
28   determined by the Teachers' Retirement Board to equal the  
29   actuarial equivalent of the difference between the allowance the  
30   member receives after receipt of service credit pursuant to this

1 section and the amount the member would have received without  
2 the service credit and an amount determined by the Teachers'  
3 Retirement Board to equal the actuarial equivalent of the  
4 difference between the purchasing power protection supplemental  
5 payment the member receives after receipt of service credit  
6 pursuant to this section and the amount the member would have  
7 received without the service credit. The payment for purchasing  
8 power shall be deposited in the Supplemental Benefit Maintenance  
9 Account established by Section 22400 and shall be subject to  
10 Section 24415. The transfer to the retirement fund shall be made  
11 in a manner; and a time period, not to exceed four years, that is  
12 acceptable to the Teachers' Retirement Board. The employer shall  
13 transfer the required amount for all eligible employees who retire  
14 pursuant to this section.

15 (3) The employer transmits to the retirement fund the  
16 administrative costs incurred by the system in implementing this  
17 section, as determined by the Teachers' Retirement Board.

18 (4) The employer has considered the availability of teachers or  
19 academic employees to fill the positions that would be vacated  
20 pursuant to this section.

21 (b) (1) The school district shall demonstrate and certify to the  
22 county superintendent that the formal action taken would result in  
23 either: (A) a net savings to the district; (B) a reduction of the  
24 number of certificated employees as a result of declining  
25 enrollment, as computed pursuant to Section 42238.5; or (C) the  
26 retention of certificated employees who are credentialed to teach  
27 in teacher shortage disciplines.

28 (2) The county superintendent shall certify to the Teachers'  
29 Retirement Board that a result specified in paragraph (1) can be  
30 demonstrated. The certification shall include, but not be limited to,  
31 the information specified in subdivision (b) of Section 14502. A  
32 district that qualifies under subparagraph (B) of paragraph (1)  
33 shall also certify that it qualifies as a declining enrollment district  
34 as computed pursuant to Section 42238.5.

35 (3) The school district shall reimburse the county  
36 superintendent for all costs to the county superintendent that result  
37 from the certification.

38 (c) (1) The county office of education shall demonstrate and  
39 certify to the Superintendent of Public Instruction that the formal  
40 action taken would result in either: (A) a net savings to the county

1 office of education; (B) a reduction of the number of certificated  
2 employees as a result of declining enrollment; or (C) the retention  
3 of certificated employees who are credentialed to teach in teacher  
4 shortage disciplines.

5 (2) The Superintendent of Public Instruction shall certify to the  
6 Teachers' Retirement Board that a result specified in paragraph (1)  
7 can be demonstrated. The certification shall include, but not be  
8 limited to, the information specified in subdivision (b) of Section  
9 14502.

10 (3) The Superintendent of Public Instruction may request  
11 reimbursement from the county office of education for all  
12 administrative costs that result from the certification.

13 (d) (1) The community college district shall demonstrate and  
14 certify to the chancellor's office that the formal action taken would  
15 result in either: (A) a net savings to the district; (B) a reduction in  
16 the number of academic employees as a result of declining  
17 enrollment, as computed pursuant to subdivision (c) of Section  
18 84701; or (C) the retention of faculty who are qualified to teach in  
19 teacher shortage disciplines.

20 (2) The chancellor shall certify to the Teachers' Retirement  
21 Board that a result specified in paragraph (1) can be demonstrated.  
22 The certification shall include, but not be limited to, the  
23 information specified in subdivision (c) of Section 84040.5. A  
24 community college district that qualifies under subparagraph (B)  
25 of paragraph (1) of subdivision (b) of this section shall also certify  
26 that it qualifies as a declining enrollment district as computed  
27 pursuant to subdivision (c) of Section 84701.

28 (3) The chancellor may request reimbursement from the  
29 community college for all administrative costs that result from the  
30 certification.

31 (e) The opportunity to be granted service credit pursuant to this  
32 section shall be available to all members employed by the school  
33 district, community college district, or county office of education  
34 who meet the conditions set forth in this section.

35 (f) The amount of service credit shall be two years.

36 (g) Any member of the Defined Benefit Program who retires  
37 under this part for service under ~~the provisions of Chapter 27~~  
38 (commencing with Section 24201) with service credit granted  
39 under this section and who subsequently reinstates shall forfeit the  
40 service credit granted under this section.

(h) This section ~~shall~~ *does not be applicable* apply to any member otherwise eligible if the member receives any unemployment insurance payments arising out of employment with an employer subject to this part during a period extending one year beyond the effective date of the formal action, or if the member is not otherwise eligible to retire for service.

SEC. 2. *Section 22714.5 is added to the Education Code, to read:*

22714.5. (a) *Notwithstanding Sections 22714, 44929, and 87488, an additional two years of service and an additional two years of age shall be credited under this part to a member of the Defined Benefit Program if the following conditions exist:*

(1) *The member is credited with five or more years of service credit and retires for service under the provisions of Chapter 27 (commencing with Section 24201) within the period designated in the memorandum of understanding described in paragraph (3).*

(2) *The employer determines that the best interests of the district would be served by encouraging certificated or academic employees to retire for service and transfers to the retirement fund an amount determined by the Teachers' Retirement Board to equal the actuarial equivalent of the difference between the allowance the member receives after receipt of service and age credit pursuant to this section and the amount the member would have received without the service and age credit and an amount determined by the Teachers' Retirement Board to equal the actuarial equivalent of the difference between the purchasing power protection supplemental payment the member receives after receipt of service and age credit pursuant to this section and the amount the member would have received without the service and age credit. The payment for purchasing power shall be deposited in the Supplemental Benefit Maintenance Account established by Section 22400 and shall be subject to Section 24415. The transfer to the retirement fund shall be made in a manner and time period, not to exceed five years, that is acceptable to the employer and the Teachers' Retirement Board.*

(3) *This section has been made applicable to the employer and the member pursuant to a memorandum of understanding between the employer and the representative employee organization.*

(b) *The amount of additional service credit and additional age shall each be two years regardless of credited service or age.*

1 (c) Any member of the Defined Benefit Program who is credited  
2 with additional age and service under this section and who  
3 subsequently reinstates from retirement shall forfeit the additional  
4 credit granted under this section.

5 (d) This section is not applicable to any member otherwise  
6 eligible if the member receives any unemployment insurance  
7 payments arising out of employment with an employer subject to  
8 this part during a period extending one year beyond the effective  
9 date of the memorandum of understanding, or if the member is not  
10 otherwise eligible to retire for service without the additional age  
11 or service credit available under this section.

12 (e) This section shall remain in effect only until January 1,  
13 2005, and as of that date is repealed, unless a later enacted statute,  
14 that is enacted before January 1, 2005, deletes or extends that date.

15 SEC. 3. Section 44929 of the Education Code is amended to  
16 read:

17 44929. ~~(a)–~~Whenever the governing board of a school district  
18 or a county office of education, by formal action ~~taken prior to~~  
19 ~~January 1, 1999~~, determines that because of impending  
20 curtailment of or changes in the manner of performing services,  
21 the best interests of the district or county office of education would  
22 be served by encouraging the retirement of certificated employees  
23 and that the retirement will ~~either~~ result in *either* a net savings to  
24 the district or county office of education; ~~result in~~ a reduction of  
25 the number of certificated employees as a result of declining  
26 enrollment; or ~~result in~~ the retention of certificated employees  
27 who are credentialed to teach in teacher shortage disciplines,  
28 including, but not limited to, mathematics and science, an  
29 additional two years of service shall be credited under the ~~State~~  
30 ~~Teachers' Retirement~~ Defined Benefit Program *of the State*  
31 *Teachers' Retirement Plan* to a certificated employee pursuant to  
32 Section 22714 if all of the following conditions exist:

33 ~~(1) The employee is credited with five or more years of service~~  
34 ~~under the State Teachers' Retirement Defined Benefit Program~~  
35 ~~and retires during a period of not more than 120 days or less than~~  
36 ~~60 days, commencing no sooner than the effective date of the~~  
37 ~~formal action of the district or county superintendent of schools~~  
38 ~~that shall specify the period.~~

39 ~~(2) The district or county office of education transmits to the~~  
40 ~~retirement fund an amount determined by the Teachers'~~

~~Retirement Board that equals the actuarial equivalent of the difference between the allowance the member receives after the receipt of service credit under this section and Section 22714 and the amount the member would have received without the service credit and an amount determined by the Teachers' Retirement Board that equals the actuarial equivalent of the difference between the purchasing power protection supplemental payment the member receives after receipt of additional service credit pursuant to this section and the amount the member would have received without the additional service credit. The payment for purchasing power shall be deposited in the Supplemental Benefit Maintenance Account established by Section 22400 and shall be subject to Sections 24414 and 24415. The transfer to the retirement fund shall be made in a manner, and time period that shall not exceed four years, that is acceptable to the Teachers' Retirement Board. The school district or county office of education shall make the payment with respect to all eligible employees who retired pursuant to this section and Section 22714.~~

~~(3) The district or county office of education transmits to the retirement fund the administrative costs incurred by the State Teachers' Retirement System in implementing this section, as determined by the Teachers' Retirement Board.~~

~~(4) The governing board of the school district or the county office of education has considered the availability of teachers to fill the positions that would be vacated pursuant to this section.~~

~~(b) (1) The school district shall demonstrate and certify to the county superintendent that the formal action taken would result in either: (A) a net savings to the district; (B) a reduction of the number of certificated employees as a result of declining enrollment, as computed pursuant to Section 42238.5; or (C) the retention of certificated employees who are credentialed to teach in teacher shortage disciplines.~~

~~(2) The county superintendent shall certify to the Teachers' Retirement Board that a result specified in paragraph (1) can be demonstrated. The certification shall include, but not be limited to, the information specified in subdivision (b) of Section 14502. A district that qualifies under clause (B) of paragraph (1) shall also certify that it qualifies as a declining enrollment district as computed pursuant to Section 42238.5.~~



~~(3) The school district shall reimburse the county superintendent for all the costs of the county superintendent that result from the certification.~~

~~(e) (1) The county office of education shall demonstrate and certify to the Superintendent of Public Instruction that the formal action taken would result in either: (A) a net savings to the county office of education; (B) a reduction of the number of certificated employees as a result of declining enrollment; or (C) the retention of certificated employees who are credentialed to teach in teacher shortage disciplines.~~

~~(2) The Superintendent of Public Instruction shall certify to the Teachers' Retirement Board that a result specified in paragraph (1) can be demonstrated. The certification shall include, but not be limited to, the information specified in subdivision (b) of Section 14502.~~

~~(3) The Superintendent of Public Instruction may request reimbursement from the county office of education for all administrative costs that result from the certification.~~

~~(d) The service credit made available pursuant to this section shall be available to all members employed by the school district or county office of education who meet the conditions set forth in this section.~~

~~(e) The amount of service credit shall be two years.~~

~~(f) Any employee who retires with service credit granted under this section and Section 22714 and who subsequently reinstates, shall forfeit the service credit granted under this section and Section 22714.~~

~~(g) This section shall not be applicable to any employee otherwise eligible if the employee receives any unemployment insurance payments arising out of employment with an employer subject to Part 13 (commencing with Section 22000) during a period extending one year beyond the effective date of the formal action, or if the employee is not otherwise eligible to retire for service under the State Teachers' Retirement Defined Benefit Program set forth in that section are satisfied.~~

*SEC. 4. Section 44929.1 is added to the Education Code, to read:*

*44929.1. (a) Notwithstanding Section 44929, an additional two years of service and an additional two years of age shall be credited under the Defined Benefit Program of the State Teachers'*



1 *Retirement Plan to a certificated employee pursuant to Section*  
2 *22714.5 if all of the conditions set forth in that section are satisfied.*

3 *(b) This section shall remain in effect only until January 1,*  
4 *2005, and as of that date is repealed, unless a later enacted statute,*  
5 *that is enacted before January 1, 2005, deletes or extends that date.*

6 SEC. 5. Section 87488 of the Education Code is amended to  
7 read:

8 87488. ~~(a)~~ Whenever the governing board of a community  
9 college district, by formal action ~~taken prior to January 1, 1999,~~  
10 determines that because of impending curtailment of or changes  
11 in the manner of performing services, the best interests of the  
12 district would be served by encouraging the retirement of  
13 academic employees and that the retirement will ~~either~~ result in  
14 ~~either~~ a net savings to the district; ~~result in~~ a reduction of the  
15 number of academic employees as a result of declining enrollment;  
16 or ~~result in~~ the retention of faculty who are qualified to teach in  
17 areas of teacher shortage, including, but not limited to,  
18 mathematics and science, an additional two years of service shall  
19 be credited under the ~~State Teachers' Retirement~~ Defined Benefit  
20 Program of the State Teachers' Retirement Plan to an academic  
21 employee pursuant to Section 22714 if all of the following  
22 conditions exist:

23 (1) ~~The employee is credited with five or more years of service~~  
24 ~~under the State Teachers' Retirement Defined Benefit Program~~  
25 ~~and retires during a period not more than 120 days or less than 60~~  
26 ~~days, commencing no sooner than the effective date of the formal~~  
27 ~~action of the district that shall specify the period.~~

28 (2) ~~The governing board transmits to the retirement fund an~~  
29 ~~amount determined by the Teachers' Retirement Board that equals~~  
30 ~~the actuarial equivalent of the difference between the allowance~~  
31 ~~the member receives after the receipt of service credit under this~~  
32 ~~section and Section 22714 and the amount the member would have~~  
33 ~~received without the service credit and an amount determined by~~  
34 ~~the Teachers' Retirement Board that equals the actuarial~~  
35 ~~equivalent of the difference between the purchasing power~~  
36 ~~protection supplemental payment the member receives after~~  
37 ~~receipt of additional service credit pursuant to this section and the~~  
38 ~~amount the member would have received without the additional~~  
39 ~~service credit. The payment for purchasing power shall be~~  
40 ~~deposited in the Supplemental Benefit Maintenance Account~~

1 established by Section 22400 and shall be subject to Sections  
2 24414 and 24415. The transfer to the retirement fund shall be made  
3 in a manner and in a time period that shall not exceed four years,  
4 that is acceptable to the Teachers' Retirement Board. The  
5 community college district shall make the payment with respect to  
6 all eligible employees who retired pursuant to this section and  
7 Section 22714.

8 (3) The governing board transmits to the retirement fund the  
9 administrative costs incurred by the State Teachers' Retirement  
10 System in implementing this section, as determined by the  
11 Teachers' Retirement Board.

12 (4) The governing board of the community college district has  
13 considered the availability of academic employees to fill the  
14 positions that would be vacated pursuant to this section.

15 (b) (1) The community college district shall demonstrate and  
16 certify to the chancellor's office that the formal action taken would  
17 result in either: (A) a net savings to the district; (B) a reduction in  
18 the number of academic employees as a result of declining  
19 enrollment, as computed pursuant to subdivision (c) of Section  
20 84701; or (C) the retention of faculty who are qualified to teach in  
21 teacher shortage disciplines.

22 (2) The chancellor shall certify to the Teachers' Retirement  
23 Board that the results specified in paragraph (1) can be  
24 demonstrated. The certification shall include, but not be limited to,  
25 the information specified in subdivision (c) of Section 84040.5. A  
26 community college district that qualifies under clause (B) of  
27 paragraph (1) shall also certify that it qualifies as a declining  
28 enrollment district as computed pursuant to subdivision (c) of  
29 Section 84701.

30 (3) The chancellor may request reimbursement from the  
31 community college district for all administrative costs that result  
32 from the certification.

33 (c) The service credit made available pursuant to this section  
34 shall be available to all members employed by the community  
35 college district who meet the conditions set forth in this section.

36 (d) The amount of service credit shall be two years.

37 (e) Any employee who retires with service credit granted under  
38 this section and Section 22714 and subsequently reinstates, shall  
39 forfeit the service credit granted under this section and Section  
40 22714.

~~(f) This section shall not be applicable to any employee otherwise eligible if the employee receives any unemployment insurance payments arising out of employment with an employer subject to Part 13 (commencing with Section 22000) during a period extending one year beyond the effective date of the formal action, or if the employee is not otherwise eligible to retire for service under the State Teachers' Retirement Defined Benefit Program set forth in that section are satisfied.~~

*SEC. 6. Section 87488.1 is added to the Education Code, to read:*

*87488.1. (a) Notwithstanding Section 87488, an additional two years of service and an additional two years of age shall be credited under the Defined Benefit Program of the State Teachers' Retirement Plan to an academic employee pursuant to Section 22714.5 if all of the conditions set forth in that section are satisfied.*

*(b) This section shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2005, deletes or extends that date.*

~~amended to read:~~

~~22102. "Accumulated retirement contributions" means the sum of the member contributions, the member contributions picked up by an employer pursuant to Sections 22903 and 22904, and credited interest on those contributions. Accumulated retirement contributions does not include accumulated annuity deposit contributions, accumulated tax-sheltered annuity contributions, any accumulated Defined Benefit Supplement account balance, or any additional earnings credit.~~